

A new beginning

National unity moves the country in the right direction as it opens up for business

With the Southern African Development Community set to become a common market within three years and a monetary union by 2016 — and with the launch of a single currency among the 15 member states by 2018, Zimbabwe is poised to receive great economic benefits in the near future.

Having recorded growth of 6 percent last year, the southern African country of 12.6 million people continues to show the international community it is ready to do business. The Zimbabwean dollar was decommissioned in February 2009, and the US dollar, the euro, the British pound and South African rand accepted as legal tender, which opened many doors for investors, and transformed the country into Africa's new investment hotspot.

In fact, according to the "Into Africa: Institutional Investor Intentions to 2016" survey, published by Invest AD and the Economist Intelligence Unit, Zimbabwe ranks behind only Nigeria and Kenya as preferred destinations on the continent.

The coalition government has been implementing a number of initiatives to improve the investment climate, including setting up a one-stop shop investment center, a new investment promotion and protection law and the conclusion of negotiated Bilateral Investment Promotion and Protection agreements.

Thanks to a "look east" policy, the resource-rich country is partnering with China in many areas to help establish the nation on a path to a dynamic and lucrative future.

Prime Minister Morgan Richard Tsvangirai, head of the Movement for Democratic Change (MDC) said: "Africa is going through an



Morgan Tsvangirai, Prime Minister

optimistic phase, and Zimbabwe is well placed to attract Chinese investment. We need investments in infrastructure, such as railways, highways and energy to keep the country going. Zimbabwe is a logistical hub for east and west, and in terms of infrastructure rehabilitation, we attract a lot of partners. Zimbabwe is also a financial hub, and it is able to create the best financial services.

"Above all, our agricultural infrastructure is among the most developed in Africa, and the future of Africa is agriculture, so for Chinese agricultural companies, Zimbabwe is an area for interesting investments.

"Our land is full of minerals, particularly nickel, platinum, and iron which are fundamental for the economic activities that China needs. If we improve our investment strategy and create the necessary political agreements, I am sure Zimbabwe will grow at double-digit rates over the next 10 years and this is the greatest attraction."

The prime minister signed a power-sharing agreement with President Robert Gabriel Mugabe in Septem-

ber 2008, to form a coalition government whose aim was to create a healthy and united multiparty democratic state.

"The political negotiation after the election of 2008 was a positive step for Zimbabwe; the introduction of the multicurrency system and a stable and peaceful coexistence were key elements for us," Tsvangirai said.

"We have survived a difficult period, but we have restored the social sector, giving new strength to the public education and health sectors. The formation of the new government was a sample of collaboration, and gave us a nudge in the right direction."

Tsvangirai, who attended the executive leadership program at Harvard University in 2001, is keen to seize on the optimism that is currently engulfing Africa, and to encourage and attract investments.

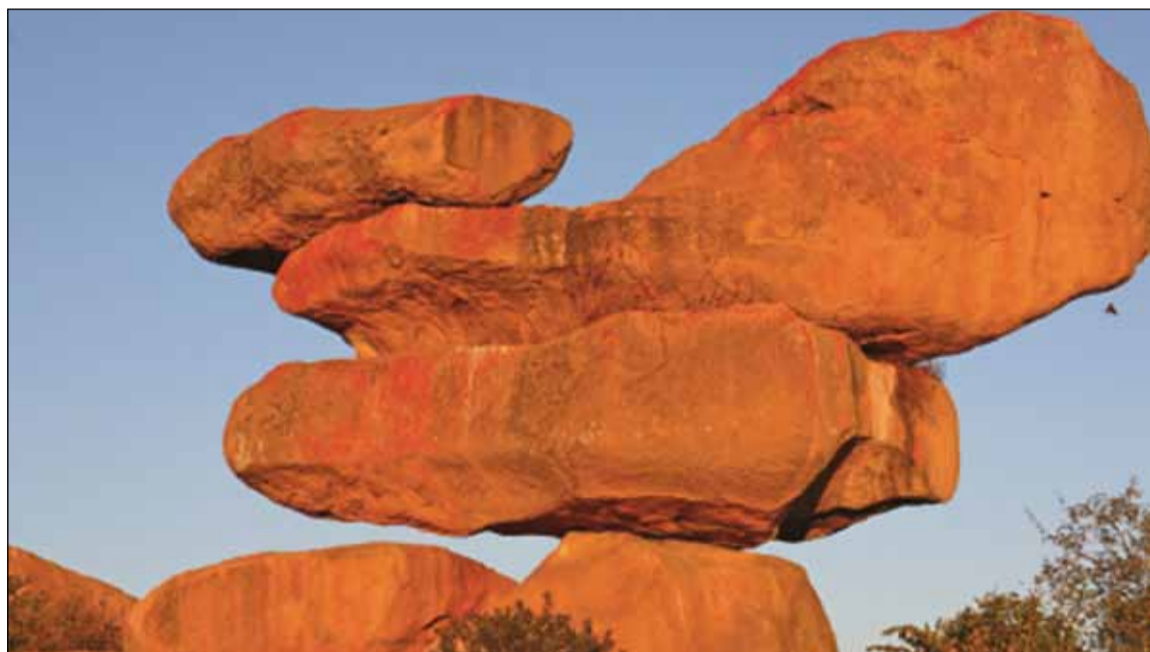
"We have a mid-term development plan that can be accessed within specific areas and sectors of economic

“If we improve our investment climate, Zimbabwe will grow at double-digit rates over the next 10 years.”

MORGAN RICHARD TSVANGIRAI
PRIME MINISTER

activities. Chinese finance could be useful to Africa's development and China is welcome here. They are not strangers, and that is how our partnership will be developed."

Joice Mujuru, vice president of Zimbabwe, a member of Mugabe's Zanu-PF party, was appointed as a cabinet minister at the age of 25 after Zimbabwe's Independence



Zimbabwe's famous Balancing Rocks found at Matopos National Park and throughout the country.

from Britain in 1980.

She became vice president in December 2004, and has worked hard on the empowerment of women and young people through projects such as sugar cane production, horticulture, poultry and pig husbandry, as well as re-greening

our friendship strong and fast. The principal areas to expand through Zimbabwean-Chinese collaboration are mining, agriculture and infrastructure development.

"Zimbabwe needs to adopt the Chinese work ethic because it will give us a lot of savings. Time is money. We need to promote tourism in Zimbabwe; we are one of the best tourism destinations in the world. Places like Victoria Falls, the Domboshawa Caves and Lake Kariba are unique in their nature, and offer tourist attractions that can be found nowhere else.

"Zimbabwe is a place that has to be visited. Our sunshine and our warm hearts will welcome everyone that comes here. The literacy rate in Zimbabwe is 97 percent, the highest in Africa. Even people in rural areas are able to speak English and we are very proud of that."

She concluded: "We are sitting on a land full of minerals, one of the richest in the world. Zimbabwe is a unique country and our people are



Joice Mujuru, Vice-President

our best resource. For people who come here and see who we are, the sky is the limit."

In all of this, the two leaders are showing their clear commitment to a new and improved Zimbabwe, a promising country where the only way now is forward.

InFocus provided the story

Econet's innovation brings customer satisfaction

Giving the community world-class products is a key motive for Zimbabwe's leading telco

As Zimbabwe's largest provider of telecommunications, Econet Wireless provides services for mobile and fixed telephony, Internet access, mobile money transfers and payment solutions.

Launched in July 1998, and listed on September 17, 1998, it is one of the largest companies on the Zimbabwe Stock Exchange, with a predicted investment sum of \$1 billion this year.

It has a 70 percent stake in Zimbabwe's mobile market and continues to grow its subscriber base. Econet Wireless CEO Douglas Mboweni explained the rapid rise of this leading telecommunications provider.

"When we first launched Econet, our services were immediately over-subscribed. We were the third entrant into the market, but six months' later

became the market leader. The main reason was the introduction of pre-paid services and immediately we knew that the Zimbabwean market was right in terms of having an appetite for technological services.

"The shift to a multicurrency economy by the minister of finance, and the creation of the national unity government opened up a world of new opportunities for Zimbabwe, and certainly for the ICT sector. We had new resources, thanks to the dollar, coupled with access to equipment coming from China, Europe and so forth.

"To best illustrate the impact of these moves, our penetration rates in terms of telephony were 13 percent, but after three years have risen to 74 percent.

"I compliment the government

because they came up with new policies that pushed the ICT sector, — they understood how ICT could benefit Zimbabwe. I was tremendously encouraged by that kind of development."

Toward full penetration

With its mission to see Zimbabwe with a 100-percent penetration rate by 2015, Econet is spearheading the digital revolution of the country. Full penetration will provide the perfect platform for electronic transactions to be made by each and every citizen.

"I do believe we'll achieve that goal before the deadline because of Zimbabwe's high literacy rate," Mboweni said. "More than 90 percent of the population over the age of 15 can read and write in English, which

means that even in remote villages, people can understand the products. The government's education policy is paying dividends and we are seeing excellent results."

Mboweni's view of the Sino-Zimbabwean relationship is of a positive bond that can only continue to prosper and grow. It is based on three levels, he said:

"The first one is government to government, which is already impressive, and that is a fundamental pillar for what happens within the country.

"The second level is a consequence of the first, because the cordial relationship established between the two countries is a useful platform to coordinate business interactions.

"The third level is specific organizations having direct links with Chinese companies. I was part of a Zimbabwean delegation that went to China and we were very well received. Through cordial relations, everything is easier: we work very well with companies like Huawei and

ZTE and there are lots of ties being fostered with other companies. Most of our equipment now comes from China; the infrastructure that we have built for connecting our major cities comes from China, and our major contractor is Huawei.

"I would like to remind readers that we are coming out of a situation where it was very difficult to establish a business relationship with Zimbabwe, but now I am very confident about our future."

For the Econet Wireless CEO, an innovative spirit has been the key to the company's success.

"Our major advantage is customer service, based on a wide range of products and services," he said.

"We were the first organization to bring pre-paid services to Zimbabwe and within six months became the market leader, so innovation is what differentiates us from our competitors. Behind every innovative idea or product there is a person. We consider people our biggest asset and our team is driven by passion and a desire

to achieve the objectives.

"However, the true test of a company is its ability to live beyond its people, the institutional capability is absolutely fundamental. We are working on building a reliable system in order to create a culture of excellence so we will continue to offer the very best services and products to our customers.

"Zimbabwe has tremendous resources and our human capital is excellent. Here, there is a desire to do the best and in terms of being open to investors and tourists, we are one of the best destinations. Econet's desire is to do the best we can; my personal desire is that people will come to Zimbabwe and find us to be a company that is able to transform their lives here."

Econet plays a very active role in the local community and champions social, health, education, scholarships and faith initiatives as part of its corporate responsibility.

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Far-reaching reforms strengthen banks

Finance minister has turned Zimbabwe's fortunes around. Now it's the banks' turn

While the 2008 peace agreement has been instrumental in raising Zimbabwe's international standing and creating a new beginning, forward-thinking Minister of Finance Tendai Biti has been busy implementing the short-term economic recovery plan.

First came the multicurrency move, which has successfully paved the way for injections of foreign cash to help develop the country. Secondly, he adopted cash budgeting, to avoid a budget deficit.

"I created this phrase, 'eat what you kill,' he says. "Failed economies have the common element of overspending, and you cannot live beyond your means. There is a problem of stagnant accumulation, so our policy in Zimbabwe is to eat only what we kill."

The third measure, he explained, was restoring a regime of positive interest rates.

"For the past 50 years, Zimbabwe has fostered low rates of interest in order to keep the cost of money low. We had no savings and it was a disaster. So I restored the regime, liberalizing the interest rates and pegging it to supply and demand. I also liberalized the capital markets and the current account, so now it is possible to take as much money as you want from Zimbabwe."

"It was a necessary element because our economy was stagnant due to excessive controls, but I created a surplus for the first time in years. I also reopened the Stock Exchange in February 2011 after three years."

"The greatest thing we have done for the Zimbabwean economy is to maintain policy consistency. Capitalism needs trust, so I restored our credibility. Now people trust us and the economy has been stable for the first time in 15 years."

"The greatest thing we have done for the Zimbabwean economy is to maintain policy consistency. Capitalism needs trust, so I restored our credibility."

TENDAI BITI,
MINISTER OF FINANCE



"This is not enough however; our country is developing and we need to work hard."

"Jobs are the fundamental connections between growth and development. We are trying to do the best for our people."

By African standards, Zimbabwe's banking system is "fairly decent", according to Minister Biti. Far from the popular media image of Zimbabwe as having a shattered economy, Harare's financial district is bursting with activity as key players implement modern products and services.

"We are urging the banks to create products that will help consumers, such as debit cards and Internet banking," Minister Biti says. "We also need better technology. The logical thing is for the banks to reposition themselves to save a fast-growing economy so that they and their shareholders can respond to economic demands and invest in technology."

Creating synergies

"We also need legislative reform. The global economic crisis mainly involves the banking and financial services sectors so we need new regulations to strengthen those areas. I am therefore in the process of looking closely at amendments."

"We also need to create synergies with other regulators in the marketplace, in the insurance and securities sectors, for example. Connected with that, I am also trying to re-establish the cooperation between banking governments."

"We are trying to make the Victoria Falls area an offshore zone. It is important to attract capital and investors want guarantees on their capital funds. There are important financial reforms that will be put in place in the coming months."

The internationally lauded minister said he would be happy to see more mutually beneficial partnerships take place with China.

"Chinese capital is transforming African economies in terms of infrastructure and as minister of finance, I would like to see the same happen in Zimbabwe."

Mutually beneficial

With more than 15 million customers and approximately 55,000 employees, Old Mutual is one of Southern Africa's most impressive banks. Founded in 1845 in South Africa, and listed on the UK, South African and three other African stock exchanges, Old Mutual has expanded in the last decade through organic growth and strategic acquisitions to provide life assurance, asset management,



Harare, the capital: a hive of industry and business

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banking and general insurance in 33 countries.

Luke Ngwerume, former CEO of Old Mutual Zimbabwe, discussed the government's new reforms within an historical context.

"It is reasonable to acknowledge where Zimbabwe was in the past, before the period of economic mayhem," he said. "It was a very sophisticated country, with a sophisticated economy that was performing quite well. The infrastructure was robust, and because of that, we were able to see a quick turnaround and the reinstatement of the country to where it was. The economy was supported by a regulatory framework so the pieces of legislation were there."

"We had always been adjusting our regulatory environment and keeping an eye on what is happening around the world."

"These days, more does need to be done. We are aware that our government is taking care of building a healthy system in conjunction with all sectorial associations, so the regulation is there and will be continuously reviewed to maintain economic growth."

"The policy consistency and the predictability that you put into the system are fundamental to attracting investment, because if people can understand how you are working now, and how you will behave in the future, it will create a much more stable environment for them to make long-term plans and make investments here."

Ngwerume pointed out that even during Zimbabwe's hyperinflation era, which peaked in 2008, when it was reported to be 231 million percent, both the economy and Old Mutual pulled through.

"Zimbabwe has the highest literacy rate in Africa," he said. "If people can acquire information and process it, they can take reasonable decisions and they will."

"That situation helped people think and act creatively. Old Mutual was born more than 165 years ago, and has surpassed any number of tough periods, but we have continued to do our job and come out of these difficult situations."

He went on to state the importance of Zimbabwe becoming more competitive.

"We have to understand the core competences and what makes us unique. In effect, Zimbabwe has to rebrand. In the recent past, the world has been looking at us in the wrong way, but now we have to

"When we moved to a multicurrency-based economy, inflation went down from 231 million percent to 4.5 percent."

JOHN MANGUDYA, CEO, CBZ HOLDINGS LIMITED

show the entire world who we are, and what we are becoming."

"I would love to see Chinese organizations dealing with Zimbabwean organizations, because at the moment, there are no real relationships between Chinese companies and local ones within this sector. I would like to see the fostering of serious relationships between businesses from both countries, because together we can achieve more mileage; we are closer to the ground and we know how to use resources."

"We are motivated to make profits, but we also know that we cannot make profits if society doesn't benefit. We understand the formula: as Old Mutual, we know that more jobs created in the system means more insurance, savings, mortgages and so forth. So, whatever we do has to create more capacity for demand of the products we supply. That is how I would like to see the Sino-Zimbabwean relationship unfold."

Old Mutual has played a key role in the development of the Zimbabwean economy by making capital available for companies to grow, investing in state enterprises and contributing to various sectors of the economy. With the bank's wealth of experience and assets, Ngwerume believes it should be performing on a higher level now.

"We need to be more macro," he said. "I would like to see big companies using us as a vehicle for their investments because we know where the money should be placed."

Formed in 1991 following the government's bailout of the Bank of Credit and Commerce International Holdings Ltd, the Commercial Bank of Zimbabwe is one of the four largest banks in the country.

A diversification drive in 1997 saw the government sell its shares in the bank in a bid to raise capital, and in 2004, the bank positioned itself to provide a one-stop shopping experience for financial services.

Intensive growth

When CBZ Holdings Limited

started operations in June 2005, an intensive period of growth began. Five years later, it recorded an asset base in excess of \$540 million, and shareholders' equity in excess of \$43.3 million.

The bank is now proceeding to open a partnership with Bank of China, in a wider effort to promote trade between the two countries."

As John Mangudya, CEO of CBZ Holdings Limited, explained: "Our economy needs to be solidified by a relationship between Zimbabwean and Chinese banks. The financial sector is a pillar for business, so at CBZ, we are excellently placed to become an intermediary between the two countries."

The CEO is understandably upbeat about Zimbabwe's financial sector as a whole.

"When we moved from the Zimbabwean dollar to a multicurrency based economy, inflation went down overnight, from 231 million percent to 4.5 percent," he said.

"The environment is now quite good for businesses following the government's reforms. The multicurrency system is the best reform they made: the new reforms will improve things even more."

With the financial arena becoming increasingly competitive, CBZ has stood fast on its core business of providing financial solutions to customers, and was the first to offer products in a foreign currency to its customers.

"Customers associate our bank with an institution suited to their needs," he said. "While others said the system would not be sustainable, we took the risk. We are focusing on providing products that are compatible with the reforms, and our customers are happy and loyal to CBZ."

"We offer a complete service to our customers. Although the group has changed, our main focus is to maintain our leading position in the financial market place."

InFocus provided the story.



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International partnerships build connections

From eLearning to rural telephony, ICT is the backbone of growth for Zimbabwe's economy

As well as modernizing the country's financial system, the government is also laying the foundations for Zimbabwe to become a digital society by 2015.

While this may sound ambitious for a developing country, the information technology and communications landscape has changed exponentially since 2008; the cell-phone telephony penetration rate skyrocketed from 13 percent to 72 percent in 2011, while Internet penetration jumped from 1.3 percent in 2008 to 24 percent last year, amounting to some 1.42 million users.

As the International Telecommunications Union recently reported, 8,000 primary and secondary schools in Zimbabwe will shortly be connected to the Internet as part of a new national eLearning program, which aims to take in the rural areas in due course.

Nelson Chamisa, the country's minister of information and communications technology said: "All political parties in the government have agreed that eLearning should be a priority in order to improve



Nelson Chamisa, minister of information and communications technology

up to the standards of developed countries.

"ICT has to be the backbone of Zimbabwe, and the first key element to achieving that is to build the necessary infrastructures," he said. "We have focused on putting fiber optic cables in place and over the past couple of years, have done very well. After connecting with Mozambique and South Africa through submarine fiber optics,

babweans have the abilities, talents and education to move forward right now. We have to improve the business environment, but communication is the locomotive of human transactions, and we are confident we will reach our goals."

Although there is currently a strong link with Zimbabwe and China in the technological sector — Chinese high-tech giant Huawei has partnered many companies in the southern African country — Minister Chamisa expects many more opportunities to open up, particularly in infrastructure, software and private-public partnerships. Econet Wireless is the largest provider of telecommunications services (see page 5 for full story), and expects to have invested a total of \$1 billion by the end of this year.

For Reward Kangai, managing director of Net One, the first cellular network operator in Zimbabwe to provide GSM services, the telecoms landscape has never looked better.

"We have passed through our lost decade," he said. "While other African countries invested more than \$10 billion in telecommunications, Zimbabwe invested less than \$500 million.

"The changes that came about in 2009 created the right environment to facilitate growth. As a Zimbabwean citizen, I welcome this development because it was effective in so many ways.

"Telecommunications, mining and tourism are fundamental sectors for Zimbabwe to achieve the kind of high growth we expect in the hope we can focus on building the infrastructure needed for our country. In terms of ICT, we are behind the rest of the world, so there are many opportunities for investment."

Universal access

As the ambitious Minister continued: "We want everyone, wheth-



The majestic Victoria Falls, site of a new telecommunications project

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er they live in the cities or rural areas, to be able to access ICT services, but people in the rural areas — around 7.8 million according to a World Bank report published last year — are underserved because most of the rural areas need roads, electricity and so forth.

"Building ICT infrastructures requires a lot of investment, but I have no doubt the government's 2015 plan will happen. We have already made a significant step forward and there are a lot of projects already coming from China.

"Because of our literacy rate, ICT will be more readily accepted by the general population who can exploit its potential.

"The government has invested in education since independence, and most people can speak English so we can communicate with the rest of the world, which is a big advantage.

"With new infrastructure, we will provide a base for expanding the economy: it will be possible in the future to do financial transactions using your mobile phone. By 2015, Zimbabwe will be there."

In 2010, Zimbabwe signed a loan agreement with China's Exim Bank for \$45 million, and Net One, which is wholly owned by the government, has benefited hugely from this money to implement large telecommunications projects.

"We started cooperation with Huawei in 2005, and they established the second mobile switching center in Bulawayo, Zimbabwe's second-largest city," Kangai explained.

"Now the city of more than 700,000 people can communicate quickly and easily. Our next project in telecommunications infrastructure will involve Victoria Falls. There is a Chinese team of engineers and technicians working closely with

Net One to deliver a faster Internet service in that area.

"It is our intention to conjoin Huawei in building a very fast mobile telecommunications network infrastructure using the latest technology called Long Term Evolution."

"We will open up a very fast information super highway that will allow people to be part of modern day life, covering many aspects such as e-education, e-government, mobile commerce and so forth."

InFocus provided the story.

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Communication is the locomotive of human transactions and we are confident that we will reach our goals of becoming a digital society by 2015."

NELSON CHAMISA, MINISTER OF INFORMATION AND COMMUNICATIONS TECHNOLOGY OF ZIMBABWE

our education system."

He added that the State would be furnishing educational institutions with computers so that all schools go digital by 2014.

Although Zimbabwe enjoyed a relatively sophisticated communication links before the so-called "lost decade", some of the connections have been poorly maintained, and minister Chamisa is committed to changing this and bringing the nation's ICT infrastructure

we have managed to catch up.

"The Zimbabwean people are digital immigrants, and our enthusiasm and appetite for technology is incredible!"

Echoing the statements of the other government officials interviewed, Chamisa also praises the learning capacity of the Zimbabwean people.

"Our greatest resources and assets are our people and we are not afraid of difficulties," he said. "Zim-

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Since 1998, Econet Wireless has pioneered and inspired innovative communications solutions in Zimbabwe. As a motivated, consumer-driven organization, we are on a continuous journey, searching for the cutting edge technology to make your world a better place. Our mission is to discover and bring to you some of the best information and communication solutions the world has to offer.


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